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Oilseeds - Increased Domestic Soybean & Soybean Meal Production

Report Categories:
Oilseeds and Products
Bio-Fuels
Grain and Feed

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Report Highlights:
In MY 20010/11, EU-27 production for the three major oilseed crops was higher than our August estimates. Soybean production showed a 12.4 percent increase whereas rapeseed and sunflower production were only revised marginally upward. Price competitiveness and strong demand from the broiler and swine industries are expected to increase soybean imports and crushing beyond previous estimates. In line with higher soybean meal production, a result of the higher crush volume, the use of soybean meal in animal feed is revised up. The rapeseed crushing estimate remains unchanged. The sunflower seed crush is marginally larger, driven by attractive margins. European biotech concerns and the implementation of sustainability criteria for biofuel feedstocks will support domestic oilseeds production and potentially jeopardize U.S. oilseeds sales to the EU-27.

General Information:

Introduction

This report presents the outlook for oilseeds in the EU-27. The data in this report is based on the views of Foreign Agricultural Service (FAS) analysts in the EU and are not official USDA data.

This report was a group effort of the following FAS analysts:

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The FAS EU-27 oilseeds reporting team would like to thank Yoonhee Macke from FAS/OGA and FAS/ Kiev, for their valuable input and support.

Abbreviations used in this report

Benelux	= Belgium, the Netherlands, and Luxembourg
CAP	= EU common agricultural policy
CY	= Calendar year
e	= Estimate (of a value/number for the current, not yet completed, marketing year)
EU-27	= European Union of 27 member states (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, France, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom)
F	= Forecast (of a value/number for the next, not yet started, marketing year)
FAS EU-27	= FAS EU-27 oilseeds reporting team
FSU	= Former Soviet Union
FSW	= Feed/Seed/Waste
Ha	= Hectares
GE	= Genetically engineered / Genetically engineered organisms
GHG	= Greenhouse gas
MT	= Metric ton (1000 kg)
MMT	= Million metric tons
MS	= EU Member State(s)
MY	= Marketing year
SME	= Soybean meal equivalent
U.K.	= United Kingdom
U.A.E.	= United Arabic Emirates
U.S.	= The United States of America

In this report "biofuel" includes only biofuels used in the transport sector. Biomass/biofuel used for electricity production or other technical uses such as lubricants or in detergents are included in "industrial use".

The marketing years used in this report are:

July-June
Rapeseed complex

October -September
Soybean complex
Sunflower complex

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1. Summary

Coordinator: Roswitha Krautgartner, FAS/Vienna (including overall coordination)

Table 1: EU-27 Area of Major Oilseeds (in 1,000 ha)

Area	2008	2009	2010e
Rapeseed	6,182	6,512	6,862
Sunflower	3,740	3,900	3,800
Soybeans	236	299	378

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2008 = harvested in CY 2008, marketed in MY 2008/09)
Source: FAS EU-27

Table 2: EU-27 Major Oilseed Production (in 1,000 MT)

Production	2008	2009	2010e
Rapeseed	18,926	21,566	20,340
Sunflower	7,100	6,950	6,870
Soybeans	639	835	1,017

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2008 = harvested in CY 2008, marketed in MY 2008/09)
Source: FAS EU-27

Table 3: EU-27 Major Oilseed Crush (in 1,000 MT)

Crush	MY 2008/09	MY 2009/10e	MY 2010/11f
Rapeseed	21,000	23,000	22,200
Sunflower	5,900	6,140	5,990
Soybeans	12,860	12,700	13,150

Source: FAS EU-27

Table 4: Feed, Seed, Waste Use of Major Oil Meals in the EU-27 (in 1,000 MT)

Feed, Seed, Waste Use	MY 2008/09	MY 2009/10e	MY 2010/11f
Soybeans	31,600	31,100	33,000
Rapeseed	11,486	12,535	12,382
Sunflower	5,326	5,280	5,053
Total	48,412	48,915	50,435

Source: FAS EU-27

Table 5: Industrial Use of Major Oils in the EU27 (in 1,000 MT):

Industrial Dom. Consumption	MY 2008/09	MY 2009/10e	MY 2010/11f
Rapeseed Oil	6,268	7,160	7,245
Soybean Oil	1,155	1,000	1,500
Sunflower Oil	312	305	312
Total Oils	7,735	8,465	9,057

Source: FAS EU-27

Table 6: Biofuels Use of Major Oils in the EU27 (in 1,000 MT):

	2008	2009	2010
Biodiesel Production	8,810	9,610	11,700
Feedstock/Rape Oil	5,140	5,900	7,500
Feedstock/Soy Oil	950	770	1,200
Feedstock/Sun Oil	170	250	250
Feedstock/Palm Oil	530	540	660

Table 7: Ending Stocks of Selected Vegetable Oils in the EU27 (in 1,000 MT):

Ending Stocks	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10e	MY 2010/11f
Rapeseed Oil	221	299	350	350	190
Sunflower Oil	270	94	242	289	240
Soybean Oil	230	251	179	149	119

Source: FAS EU-27

2. Soybean Complex

Coordinator: Marie-Cecile Henard

Table 8: EU-27 Soybean PSD

Oilseed, Soybean EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	250	236	350	299	350	378
Area Harvested	237	236	303	299	350	378
Beginning Stocks	814	814	558	558	507	495
Production	639	639	859	835	1,000	1,017
MY Imports	13,213	13,213	12,900	13,000	13,500	13,350
MY Imp. from U.S.	2,231		2,700		2,600	
MY Imp. from EU	0		0		0	
Total Supply	14,666	14,666	14,317	14,393	15,007	14,612
MY Exports	22	22	40	40	30	40
MY Exp. to EU	0		0		0	

Crush	12,860	12,860	12,500	12,700	13,200	13,150
Food Use Dom. Cons.	110	110	120	131	120	140
Feed Waste Dom. Cons.	1,116	1,116	1,150	1,027	1,100	1,100
Total Dom. Cons.	14,086	14,086	13,770	13,858	14,420	14,140
Ending Stocks	558	558	507	495	557	432
Total Distribution	14,666	14,666	14,317	14,393	15,007	14,612
1000 HA, 1000 MT						

Source: FAS EU-27

Table 9: EU-27 Soybean Meal PSD

Meal, Soybean EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	12,860	12,860	12,500	12,700	13,200	13,150
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	1,065	1,065	130	143	200	251
Production	10,131	10,200	9,848	10,000	10,399	10,400
MY Imports	20,980	20,974	21,750	21,700	23,250	23,200
MY Imp. from U.S.	227		150		200	
MY Imp. from EU	0		0		0	
Total Supply	32,176	32,239	31,728	31,843	33,849	33,451
MY Exports	467	454	450	450	450	450
MY Exp. to EU	0		0		0	
Industrial Dom. Cons.	10	10	10	10	10	10
Food Use Dom. Cons.	32	32	32	32	32	32
Feed Waste Dom. Cons.	31,537	31,600	31,036	31,100	33,150	33000
Total Dom. Cons.	31,579	31,642	31,078	31,142	33,192	32,642
Ending Stocks	130	143	200	251	207	359
Total Distribution	32,176	32,239	31,728	31,843	33,849	33,451
1000 MT, PERCENT						

Source: FAS EU-27

Table 10: EU-27 Soybean Oil PSD

Oil, Soybean EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	12,860	12,860	12,500	12,700	13,200	13,150
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	211	211	140	179	160	149
Production	2,314	2,350	2,250	2,310	2,376	2,370
MY Imports	793	792	550	560	550	800
MY Imp. from U.S.	3		3		0	
MY Imp. from EU	0		0		0	
Total Supply	3,318	3,353	2,940	3,049	3,086	3,319
MY Exports	399	399	400	380	300	300
MY Exp. to EU	0		0		0	
Industrial Dom. Cons.	1,085	1,155	1,010	1,000	1,150	1,500
Food Use Dom. Cons.	1,564	1,500	1,240	1,420	1,386	1,300
Feed Waste Dom. Cons.	130	120	130	100	130	100
Total Dom. Cons.	2,779	2,775	2,380	2,520	2,666	2,900
Ending Stocks	140	179	160	149	120	119
Total Distribution	3,318	3,353	2,940	3,049	3,086	3,319
1000 MT, PERCENT						

Source: FAS EU-27

MY 2010/11:

In MY 2010/11, the demand for soybean meal in animal feed is expected to be higher than in MY 2009/10 due to several factors, including: reduced availability and higher prices of domestically-grown grains, rapeseed and sunflower seed; large soybean crops in Brazil and Argentina (leading suppliers of soybean products); and, strong demand from the European swine and broiler sectors (the largest users of soybean meal in Europe). The use of soybean meal in animal feed is revised up to 33 million MT, reflecting a 6 percent increase from MY 2009/10. Poultry production continues to expand the expense of other meat sectors while swine production is expected to decline only slightly. Beef production and consumption are estimated to be the most affected by the weak economic conditions.

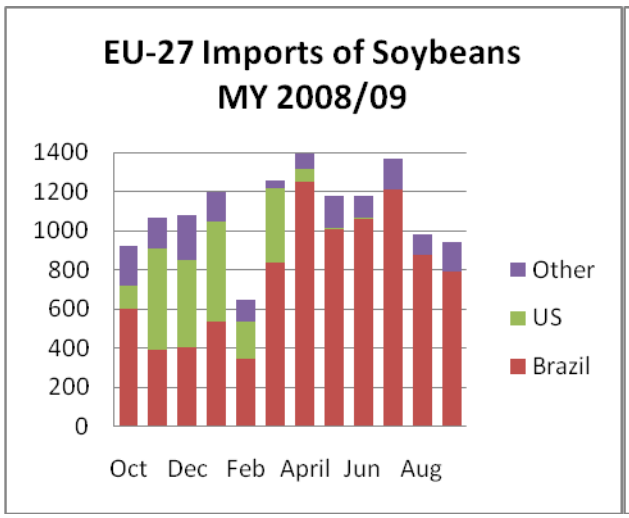
EU-27 imports of soybeans were revised up to 13.35 million MT. Crush margins were high in the first months of the marketing year as a result of the high prices for soybean meal in Europe (320 Euros / MT versus 180-240 Euros/MT for rapeseed meal and sunflower meal in October 2009). The EU-27 crush was revised up to 13.15 million MT, in line with higher imports and increased domestic production.

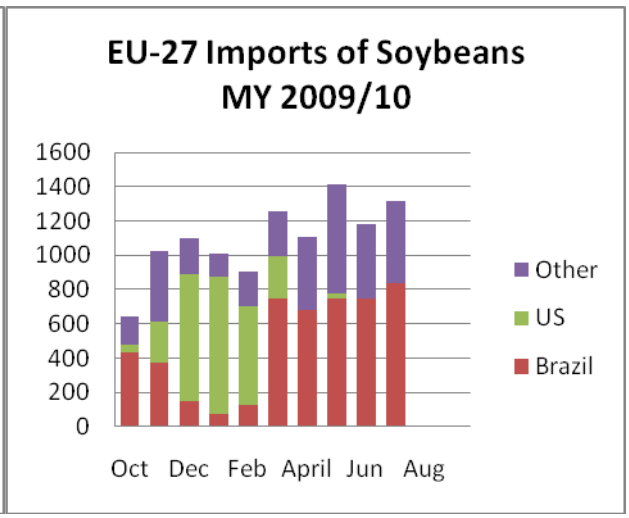
EU-27 domestic production of soybeans was revised up to 1.2 million MT, mainly due to higher Italian production (accounting for 53 percent of the total) followed by an increased French production (12 percent). European biotech concerns combined with the new sustainability criteria for biofuels to implement the Renewable Energy Directive are expected to increase European domestic production of soybeans. However domestic production will still remain significantly lower than imports of soybeans. In Germany, the Green Party has developed a proposal to replace imported soybeans with domestically produced protein crops. The Greens are advancing the proposal using ties to sweeping environmental themes but significant agronomic and economic challenges remain to their goal of replacing soybean imports. However, if successfully implemented, the “Protein Strategy for Agriculture” would jeopardize roughly $500 million in U.S. soybean sales to Germany.

The EU-27 supply of soybean oil was revised upwards, including higher production than previously anticipated and higher imports from abnormally low levels in MY 2009/10. Soybean oil availability from South American countries is likely to be higher this year due to higher soybean supplies, although biodiesel programs in these countries tend to limit exports of soybean oil.
Soybean oil consumption was revised upwards, due an expected higher use of soybean oil for biodiesel, mainly in Spain. The European biodiesel industry in general is facing a shortfall in domestic rapeseed oil.

MY 2009/10:

EU-27 imports of soybeans were revised up to 13 million MT, based on 10 months trade data (October 2009-July 2010) which is a smaller decline from MY 2008/09 than previously expected, reflecting stronger imports in Germany, the United Kingdom, and Spain. As indicated in the graphs below, EU-27 imports of soybeans were strong in May, June and July 2010, including smaller quantities from Brazil than in the previous year but increases from other sources, mainly Paraguay.

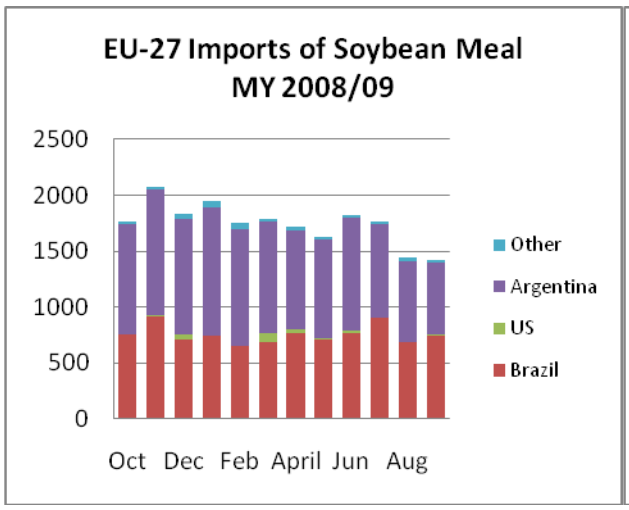


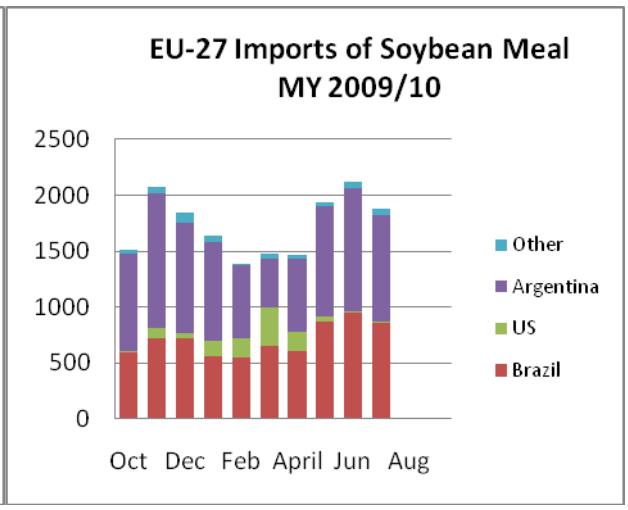


Imports declined more than previously expected and the crush was revised up to 12.7 million MT.

Note: EU-27 exports of soybeans, although marginal, are estimated to almost double from MY 2008/09 to 40,000 MT, mainly due to increased shipments to Turkey.

EU-27 imports of soybean meal were revised down slightly to 21.7 million MT, reflecting a smaller increase from MY 2008/09 than previously anticipated. The graphs below indicate strong imports from Brazil and Argentina in May, June and July 2010.





Feed use in MY 2009/10 was revised down to 31.1 million MT, reflecting a stronger decline from MY 2008/09 than anticipated. The use of soybean meal declined in animal feed in most member states, including France, Denmark, Italy, and Spain.

EU-27 imports of soybean oil were adjusted to 10-month MY available data (October 2009-July 2010), and were down significantly as a result of lower shipments from Argentina and Brazil. EU-27 imports of soybean oil from Russia increased but remained significantly smaller than shipments from South America.

3. Rapeseed Complex

Coordinator: Sabine Lieberz

Table 11: EU-27 Rapeseed PSD

Oilseed, Rapeseed EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	6,370	0	6,500	0	6,900	6,900
Area Harvested	6,181	6,182	6,509	6,512	6,800	6,862
Beginning Stocks	961	961	1,911	1,531	1,864	1,546
Production	19,080	18,926	21,446	21,566	20,000	20,340
MY Imports	3,342	3,341	2,198	2,106	2,050	2,000
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	23,383	23,228	25,555	25,203	23,914	23,886
MY Exports	98	97	157	157	100	160
MY Exp. to EU	0	0	0	0	0	0
Crush	20,400	21,000	22,550	23,000	21,900	22,200
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	974	600	984	500	870	500
Total Dom. Cons.	21,374	21,600	23,534	23,500	22,770	22,700
Ending Stocks	1,911	1,531	1,864	1,546	1,044	1,026
Total Distribution	23,383	23,228	25,555	25,203	23,914	23,886
1000 HA, 1000 MT						

Source: FAS EU-27

Table 12: EU-27 Rapeseed Meal PSD

Meal, Rapeseed EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	20,400	21,000	22,550	23,000	21,900	22,200
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	101	101	95	397	75	627
Production	11,744	11,800	12,982	12,850	12,612	12,400
MY Imports	171	169	134	134	100	140
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	12,016	12,070	13,211	13,381	12,787	13,167
MY Exports	162	162	213	214	150	210
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	25	0	5	0	5
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	11,759	11,486	12,923	12,535	12,552	12,382
Total Dom. Cons.	11,759	11,511	12,923	12,540	12,552	12,387
Ending Stocks	95	397	75	627	85	570
Total Distribution	12,016	12,070	13,211	13,381	12,787	13,167
1000 MT, PERCENT						

Source: FAS EU-27

Table 13: EU-27 Rapeseed Oil PSD

Oil, Rapeseed EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	20,400	21,000	22,550	23,000	21,900	22,200
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	169	169	274	350	259	350
Production	8,472	8,800	9,370	9,540	9,108	9,200
MY Imports	454	454	441	441	500	700
MY Imp. from U.S.	85	92	80	24	80	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	9,095	9,423	10,085	10,331	9,867	10,250
MY Exports	142	141	111	111	80	100
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	5,931	6,268	6,560	7,160	6,590	7,245
Food Use Dom. Cons.	2,743	2,650	3,150	2,700	3,050	2,700
Feed Waste Dom. Cons.	5	14	5	10	5	15
Total Dom. Cons.	8,679	8,932	9,715	9,870	9,645	9,960
Ending Stocks	274	350	259	350	142	190
Total Distribution	9,095	9,423	10,085	10,331	9,867	10,250
1000 MT, PERCENT						

Source: FAS EU-27

MY2010/11

Rapeseed yields in the UK, Germany and Romania turned out higher than our August forecast and more than compensated for lower than expected yields in Poland, the Czech Republic, Slovakia, France, Finland, and Sweden. This resulted in a marginal upward revision of total EU-27 rapeseed **production** to 20.34 million MT. This is an increase of 0.2 percent compared to the August estimate but a decrease of 6 percent compared to the previous year. The year-on-year decrease in production was most pronounced in France, Germany, and Poland. Only the UK, Romania, and Bulgaria showed increased production.

Table 14: EU rapeseed production by country in 1000 MT

COUNTRY	2009/10	2010/11
Germany	6307	5749
France	5617	4672
United Kingdom	1951	2235
Poland	2497	2090
Czech Republic	1128	1067
Romania	680	960
Hungary	581	550
Denmark	635	545
Bulgaria	236	490
Lithuania	416	420
Slovak Republic	387	342
Sweden	299	300
Latvia	205	215
Other	627	705
Total EU-27	21566	20340

Despite current high crush margins, the forecast for the MY 2010/11 crush is left unchanged, mainly because a higher crush would require higher imports. However, reports from major EU suppliers such as the Ukraine, Canada, Russia, and Belarus confirm previous expectations of lower production compared to MY 2009/10. Moreover, the Australian harvest will not start until 2011. Therefore, there is not a justification to raise our import forecast. While the total EU-27 crush forecast remains unchanged, there are notable changes at the member state level. Poland has reduced its crush forecast compared to the August estimate, due in part to changes in rapeseed production. In France, the rapeseed crush estimate was revised up as a result of higher imports, despite lower domestic production. In Germany, the forecast was increased slightly because the availability of certified sustainable rapeseed looks better than in August. However, the German rapeseed crush is still expected to lag significantly behind the previous year's volumes. Starting in January 2011, Germany will require sustainability certificates for biofuels and biofuel feedstocks. Reportedly, about 80 percent of the German and an unspecified portion of Czech rapeseed production are already certified. Nonetheless, these combined volumes are still lower than what Germany typically crushes for the industrial sector. As a result, the sustainability criteria are already showing an impact on rapeseed and rapeseed oil prices. The commercial source *Agrarmarktinformation (AMI)* reports that both certified sustainable seed and oil currently (mid-November) carry a premium of at least 10 Euro/MT in Germany.

MY 2009/10
Rapeseed production was revised upward slightly, reflecting new data from Poland and France. Trade data for the full marketing year is now available and confirms previous expectations that rapeseed imports were 40 percent lower than the record volumes of MY 2008/09 but still much higher than the long-term average. The largest suppliers were the Ukraine, Australia, and Russia with 65, 15, and 7 percent of total imports, respectively.

MY 2008/09
EU27 rapeseed production was marginally revised to match official numbers from Eurostat.

Rapeseed Oil
Lower than expected oil content required a slight downward revision of forecast oil production for MY 2010/11. Our upward revision of rapeseed oil use for biofuel production for MY 2009/10 and MY2010/11 reflects more optimistic estimates in Italy. In contrast, food use was revised slightly downwards as consumers in the UK are reacting to the higher prices and will expand rapeseed oil consumption at a slower pace than previously expected.

4. Sunflower Complex
Coordinator: Mila Boshnakova

Table 15: EU-27 Sunflower PSD

Oilseed, Sunfloweerseed EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3,750	3,740	3,950	3,900	3,900	3,915
Area Harvested	3,754	3,740	3,918	3,900	3,800	3,800
Beginning Stocks	239	239	759	705	322	430
Production	7,134	7,100	6,933	6,950	6,700	6,870
MY Imports	616	616	300	320	200	250
MY Imp. from U.S.	70	0	70	0	70	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	7,989	7,955	7,992	7,975	7,222	7,550
MY Exports	455	455	670	630	450	550
MY Exp. to EU	0	0	0	0	0	0
Crush	5,880	5,900	6,130	6,140	5,800	5,990
Food Use Dom. Cons.	295	295	290	265	230	230

Feed Waste Dom. Cons.	600	600	580	510	490	480
Total Dom. Cons.	6,775	6,795	7,000	6,915	6,520	6,700
Ending Stocks	759	705	322	430	252	300
Total Distribution	7,989	7,955	7,992	7,975	7,222	7,550
1000 HA, 1000 MT						

Source: FAS EU-27

Table 16: EU-27 Sunflower Meal PSD

Meal, Sunflowerseed EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5,880	5,900	6,130	6,140	5,800	5,990
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	69	69	296	296	88	170
Production	3,210	3,162	3,346	3,284	3,164	3,200
MY Imports	2,483	2,471	2,200	2,150	2,100	2,100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5,762	5,702	5,842	5,730	5,352	5,470
MY Exports	80	80	90	110	70	90
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	4	0	100	170	100	120
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	5,382	5,326	5,564	5,280	5,078	5,053
Total Dom. Cons.	5,386	5,326	5,664	5,450	5,178	5,173
Ending Stocks	296	296	88	170	104	207
Total Distribution	5,762	5,702	5,842	5,730	5,352	5,470
1000 MT, PERCENT						

Source: FAS EU-27

Table 17: EU-27 Sunflower Oil PSD

Oil, Sunflowerseed EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5,880	5,900	6,130	6,140	5,800	5,990
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	201	201	242	242	273	289
Production	2,335	2,478	2,435	2,568	2,301	2,515
MY Imports	1,007	1,010	970	960	800	916
MY Imp. from U.S.	1	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,543	3,689	3,647	3,770	3,374	3,720
MY Exports	143	120	140	158	130	130
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	263	312	250	305	230	312
Food Use Dom. Cons.	2,893	2,995	2,982	2,990	2,850	3,010
Feed Waste Dom. Cons.	2	20	2	28	3	28
Total Dom. Cons.	3,158	3,327	3,234	3,323	3,083	3,350
Ending Stocks	242	242	273	289	161	240
Total Distribution	3,543	3,689	3,647	3,770	3,374	3,720
1000 MT, PERCENT						

Source: FAS EU-27

Sunflower seeds

MY 2010/11

Production: The sunflower seed harvest was completed in October and production was higher than expected due to much better yields in Bulgaria and Romania, and smaller increases in Greece, and France. This offset significant reductions in Hungary, Italy, Slovakia and the Czech Republic. Still, production remains below the two previous years.

Imports: Tight global and regional supplies have strongly affected sunflower complex prices. Specific factors limiting the overall supply of sunflower seeds in the EU include lower production and exports of Russia sunflower seed, rumored limitations on sunflower seeds exports from Ukraine, low stocks in Argentina, and lower expected Argentine exports due to growing internal demand The combination of a short supply and high prices are projected to lead to a 22 percent decline in imports compared to MY 2009/10.

Exports: Exports are projected down by 13 percent compared to MY 2009/10 due to stable demand within the EU and high sunflower oil prices and crush margins. In addition, Turkey, a main buyer of EU sunflower seed, had a very good very good crop and may import less. Other main export markets, Western Balkan countries, are likely to limit purchases of EU sunflower seed due to record high prices.

Crush: Sunflower seed processors are benefiting from record high sunflower oil prices and attractive processing margins. This should ensure strong crushing demand continues for the near term. Additional substitution of rapeseed oil for sunflower seed oil in the food sector may occur if sun oil prices remain high. In addition, the sunflower meal market will face price pressure from rapeseeds/soy meals. At present, crush use is forecast to be 2.5 percent less than in MY 2009/10 but higher than the earlier estimates in August. Compared to the previous estimates, a higher crush is expected in Bulgaria, the Czech Republic, France, Greece, Hungary, Italy and Romania; the crushing forecast is level for Benelux, Germany and UK with some reduction seen in Austria and Spain.

Stocks: Estimates for ending stocks are unchanged and remain about 30 percent down from MY 2009/10. Minor adjustments were done for food and FSW use estimates as a result of record high prices.

MY 2009/10 and MY 2008/09

Insignificant revisions were made in our estimates of production (0.8 percent down); imports, exports and FSW, to reflect the latest data submitted from member states. Overall crush use is stable. Trade estimates are based on GTA statistics for 10 months (October 2009-July 2010). Minor adjustments were made for MY08/09 to incorporate the most recent member state data.

Sunflower Meal

MY 2010/11

Production: EU27 output of sunflower meal is marginally higher compared to our August estimate but still about 2.5 percent lower than in MY 2009/10 as a result of decline in crush.

Imports: Sunflower meal supply on the global market will be short and available mainly from Ukraine and later on from Argentina. Demand for meal on the EU market, however, is not expected to be very favorable due to increasing meal prices, competition with soybean/rapeseeds meals and a struggling cattle and swine industries. As a result, imports are forecast to be 2-3 percent lower compared to MY 2009/10.

Exports are revised down since the main exports market, Turkey, may have more local availability or may source the product on a more competitive basis from the regional market (Ukraine).

Use: The projection for meal use in animal feed is revised 4.5 percent downward compared to MY 2009/10 and due to depressed demand by the livestock sector. Bullish prices are also likely to discourage the use of sunflower meal. Industrial use was reduced to reflect recent price effects.

MY 2009/10 and MY 2008/09

MY 2009/10 estimates for imports, use in feed, and ending stocks were slightly modified downward based on recent data from member states. Trade data for MY08/09 were corrected based on the latest GTA statistics (October 2009-July 2010) and a minor balancing change was made in usage.

Sunflower Oil

MY 2010/11

Production: Although oil production is forecast down 2.1 percent from last year. The high quality of this year's crop will result in good crushing efficiency and slightly better than previously expected sunflower oil output.

Trade: Sunflower oil availability on the global market, especially in the first half of the marketing year, is tight due to expected limitations on Ukrainian/Russian exports; strong demand in Russia and some Asian and African countries; as well as lower stocks of seeds/crush in Argentina until New Year. It is likely that EU may source more sunflower oil in the second half of the marketing year from South America. The current rally in sunflower seed oil exceeded expectations and prices hit record levels. This may discourage imports into the EU. Although food consumption of sunflower seed oil in the EU is projected to be stable or even higher than in the previous season, forecast EU imports have been revised downward 4.5 percent compared to MY 2009/10. EU exports were reduced since most sunflower seed oil is sold to price sensitive markets.

Use: Currently, food use in most EU member states is forecast to be stable or possibly higher than in MY09/10 since European consumers are not as price sensitive as on other markets. At present, consumption is revised slightly upward (0.7 percent) compared to MY 2009/10, and in agreement with reported trends from member states.

Stocks: Ending stocks of sunflower oil are forecast down by almost 17 percent compared to MY 2009/10. Potentially, the stocks ratio may improve if the price effect on consumption for food is greater than currently estimated and demand rationing occurs.

MY 2009/10 and MY 2008/09

MY 2009/10 imports and exports were revised based on most recent data from member states and GTA 10 months MY 2009/10 statistics. MY 2008/09 trade data is based on final GTA data for that year.

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